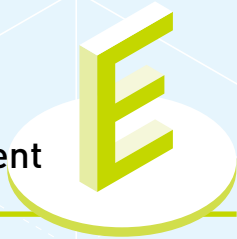


Environment



Environmental Strategies for Realizing a Sustainable Society

Materiality

- Energy and climate

Major Initiatives

- Mitigating and adapting to climate change
 - Shift to low-carbon vehicles
 - Improve response capabilities to natural disasters
 - Promote cooperative transport
 - Expand low-carbon services

Value Created

- Driving renewable energy growth by stimulating demand
- Mitigating climate risk such as natural disasters
- Promoting widespread use of innovative lowcarbon technologies
- Facilitating the availability of low-carbon products

Contributions to the SDGs



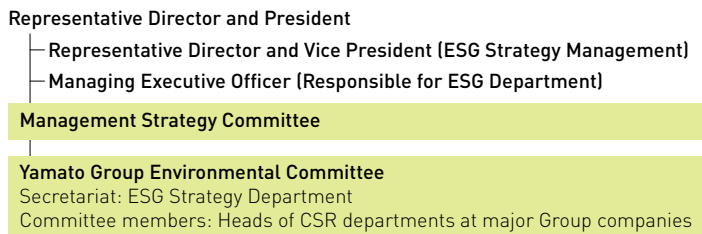
Basic Approach

Based on its “Corporate Stance” of “promoting environmental conservation,” the Yamato Group is working to resolve environmental issues through its business. Bearing in mind the responsibility of the logistics industry toward the environment, the Group has clearly stated “eco in transport” and other important items that require specific attention in its Environmental Protection Declaration. In particular, this declaration recognizes the close connection that exists between the risks and opportunities presented by climate change and their importance on business growth, for which we have established CO₂ reduction targets. In addition to reducing the environmental impact of our business, we are pursuing services that help reduce CO₂ emissions, making proposals for deregulation, and cooperating with local governments. In these ways, we are making serious efforts to mitigate and adopt to climate change.

Promotion System

Deliberations on important environmental issues and policies are held at meetings of such committees as the Management Strategy Committee, which involves the participation of the Company president and directors. The vice president is in charge of the Company’s ESG (environmental, social, and governance) strategy, and the managing executive officers in charge of ESG strategy are responsible for its execution. Specifically, these officers confirm the details of such matters as climate-related risks (transition and physical) and opportunities, the impact of such risks/opportunities on our financial position, and strategies to address these risks/opportunities. They also monitor, manage, and oversee environmental performance indicators such as greenhouse gas emissions. In addition, the Yamato Group Environmental Committee meets each quarter to discuss important matters pertaining to climate change and other environmental issues. The chair of this committee is selected by the managing executive officers responsible for ESG Department, and the committee itself comprises CSR managers from major Group companies. Furthermore, the ESG Department serves as a secretariat of the Yamato Group Environmental Committee. In these ways, we are appropriately managing risks related to climate change through a Companywide process in the same manner that we handle other important environmental risks.

■ Environmental Management System (As of September 2019)



Initiatives

The Yamato Group identifies and evaluates the risks, opportunities, and impacts associated with climate change in recognition of its importance on realizing a sustainable society and on the Group itself. Furthermore, the Group engages in information disclosure based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD*).

Our goal is to be a company that grows alongside society by leveraging our business to mitigate and adapt to climate change, while managing risks and creating opportunities and helping to realize a low-carbon society.

* The TCFD was established in 2015 by the Financial Stability Board (FSB) and presented its recommendations for climate-related financial disclosure in 2017.

Targets and Results

To mitigate the risks of climate change and expand opportunities, the Yamato Group has set short and long term CO₂ reduction targets and evaluates their results.

■ Achieve Carbon Neutrality by 2050*

■ CO₂ Emissions Targets for 2019*

Reduce CO₂ emissions per operating revenue (tCO₂/¥100 million of operating revenues) by 10% by the fiscal year ending March 31, 2020 compared to the fiscal year ended March 31, 2010.

* Scope 1 and Scope 2 emissions.

■ Results for the Fiscal Year Ended March 31, 2019

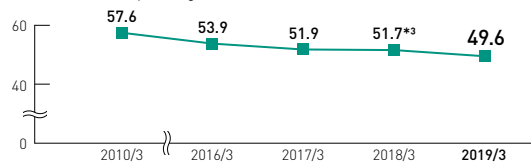
	2010/3 (Base year : BY)	2019/3 (Results)	Compared to BY
CO ₂ emissions intensity* ¹ , * ² (tCO ₂ /¥100 million of operating revenues)	57.6	49.6	-13.9% (target reached)

*1 CO₂ emissions falling under Scope 1 and Scope 2 are used to calculate intensity.

*2 Scope of coverage: Domestic consolidated subsidiaries and Swan Co., Ltd. (Excluding Employee Compensation and Benefits Division)

Trend in CO₂ Emissions intensity

(tCO₂/¥100 million of operating revenues)



*³ Figures for the fiscal year under review have been updated due to revisions made to data for the fiscal year ended March 31, 2018.

1 Policy and Legal Risks

In the case of stricter regulations on greenhouse gas emissions and increased obligations on their reduction, costs in the Delivery and BIZ-Logistics businesses may increase as a result of costs associated with the introduction of low-carbon vehicles and renovating facilities. This cost increase may also impact transport and administration expenses. Also, if the Delivery, BIZ-Logistics, or any other businesses are unable to meet the reduction obligations, the Company may issue fees for “credit” purchases.

► Management

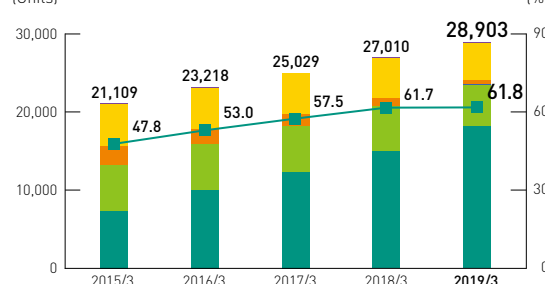
■ We are promoting greenhouse gas (GHG) emission reductions by monitoring energy consumption, conducting analysis, and taking a variety of energy conservation measures. Additionally, we are proactively advancing GHG emission reductions through a shift toward vehicles with lower GHG emissions such as hybrid vehicles and electric vehicles (EV), and the heavy use of electrically power assisted vehicles and hand-pushed trolleys for pickup and delivery services in urban areas. Although we own approximately 100 electric vehicles as of March 2019, from the fiscal year ending March 31, 2020 we will gradually introduce 500 small-sized commercial use electric vehicles, which can be driven without a medium-sized vehicle driver’s license. These vehicles, developed jointly with Street Scooter GmbH, a subsidiary of the Deutsche Post DHL Group, will accelerate the efficiency of home deliveries and CO₂ emission reductions. Going forward, we will proactively promote the development and introduction of next-generation mobility, including electric vehicles, with the aim of introducing 5,000 such vehicles, which is half of our small-sized pickup and delivery vehicles, by 2030.



A small-sized commercial-use EV

Trend in Introduction of Low-Emission Vehicles (Yamato Transport Co., Ltd.)

(Units)



- Electric vehicles (EVs)
- Low-pressure gas (LPG) vehicles
- New long-term compliance vehicles
- Hybrid vehicles
- Compressed natural gas (CNG) vehicles
- Replacement for new long-term compliance vehicles
- Percentage of low-emission vehicles among all Yamato Transport vehicles (right scale)

Environmental Strategies for Realizing a Sustainable Society

2 Physical Risks

In the event of our employees being impacted by disasters or delays in business recovery as a result of increasing severity of heavy rains, typhoons, and other weather conditions, our services could be suspended and this could have an impact on our revenue. Additionally, the increased risk of our employees suffering from heat-stroke due to a rise in average temperatures could lead to an increase in workers' compensation and other types of insurance. Furthermore, an increase in capital expenditure and a rise in insurance premiums for facilities are also possible due to a rise in sea levels, necessitating a revision to flood countermeasures at bases with a high risk of flooding and plans for bases.

3 Opportunities to Improve Resource Efficiency

An increase in opportunities to collaborate with other companies, such as on the diversification of modes of transport and joint transportation, may potentially lead to increased transport efficiency as well as a decline in fuel consumption and a reduction in fuel oil costs.

4 Opportunities to Expand Low-Carbon Products and Services

Through improving and expanding our services that strike a balance between enhancing customer convenience and containing redeliveries, not only can we decrease GHG emissions but we can also increase orders and boost revenue. Or, the increased use of refrigerated parcel delivery service could have a positive impact on our revenue.

Management

- We strive to ensure the safety of our employees and safeguard parcels and other items by implementing training based on the Disaster Response Manual and responses. In the event of a suspension of *TA-Q-BIN* pickup and delivery services due to a disaster, we seek to minimize its impact by providing such information on Yamato Transport's website. Furthermore, after business recovery, we cooperate in supporting disaster-affected areas by transporting relief supplies in concert with local governments and other agencies.
- We manage chronic risks from increases in average temperatures and sea levels in the following ways. Firstly, to address the problem of heatstroke, we are investing in adaptation measures such as introducing air coolers that are suitable for work at terminals and *TA-Q-BIN* centers and using sweat absorbent, fast-drying fabrics in employee uniforms. Additionally, Yamato Transport is heightening its response capabilities and business continuity by assessing the risk of floods at its bases across Japan and implementing flood training.

Strategy

- In order to provide more-efficient trunk-route transportation to major cities, we are conducting joint trunk-route transportation with other logistics companies with our Super-Full Trailer 25 (a 25-meter-long connected trailer). As this initiative was accredited by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) in March 2019 under a law relating to logistics efficiency, it qualifies for subsidy aimed at improving efficiency. Moreover, it was accredited under the MLIT's plan pertaining to energy conservation through combined passenger and freight transportation in October 2019. As a result, the energy-saving effects obtained through this initiative can be reported in the annual report as stipulated in the Energy Conservation Act. This initiative contributes to the greater efficiency of transportation and a reduction in fuel consumption for the industry as a whole.



Eight Super-Full trailers and four full tractors for hauling them have been deployed as of June 2019

Strategy

- We offer the *Kuroneko Members* service, a members-only service for individual customers in which registered members can designate their desired date, time, and place for receiving packages. Moreover, we are seeking to improve the convenience of *TA-Q-BIN* services while containing redeliveries and reducing GHG emissions by expanding the installment of PUDO stations, which offer open-type parcel lockers that facilitate the receipt and shipment of packages.
- In order to contribute to the sound growth of the small-lot, chilled and frozen delivery market, we promoted the creation of international standards related to small-lot, chilled and frozen delivery services in collaboration with the British Standards Institution (BSI). As a result, the BSI issued PAS 1018:2017 in 2017. We will establish a sound presence in the refrigerated parcel delivery market and work to expand our service lineup.

Note: Please refer to Yamato Holdings' CDP2019 responses for more details on its analyses and assessments.